

Service Agreement

This Agreement is made and entered into this Friday day of July 30, 2010, by and between the South Dakota Department of Labor, a state agency, having its principal address at 700 Governors Drive, Pierre, South Dakota 57501 (the "State") and HOV Services, having its principal address at 11850 Hempstead Highway, Suite 270, Houston, Texas 77092 (the "Provider").

The State hereby enters into this Agreement with Provider in consideration of and pursuant to the terms and conditions set forth herein.

1. Provider agrees to provide the State with film scanning services and technical & other services including: indexing, project setup, and DVD media. Film scanning will be done at 200 dpi.
2. The State agrees to provide to the Provider a data file for match & merge indexing, with the balance of the indexing to be hand keyed.
3. The services covered under this Agreement will begin on the date this Agreement is entered into and will end on December 31, 2010, unless sooner terminated pursuant to the terms hereof.
4. The Provider will not use State equipment, supplies or facilities.
5. The State will make payment for services upon satisfactory completion of the services. The ESTIMATED TOTAL CONTRACT AMOUNT is \$40,235.96. The estimated total contract amount is based upon an assumption of 471,600 images on 262 rolls of simplex film and 4,110,000 images on 300 rolls of duplex film. If there are more or less images, the scanning cost will increase or decrease accordingly. Also, if there are more or less matches from the State's data file, indexing costs will increase or decrease accordingly. The costs per unit are as follows:
 - Scanning Simplex Film = \$0.0118 per unit
 - Scanning Duplex Film = \$0.0063 per unit
 - Indexing = \$0.0080 per unit
 - Project Setup Simplex Film = \$350.00
 - Project Setup Duplex Film = \$650.00

Duplicate DVDs are \$25.00 per copy. Shipping will be charged back at cost. All estimated costs are pursuant to Attachment A. The State will not pay Provider's expenses as a separate item. Payment will be made pursuant to itemized invoices submitted with a signed state voucher.

6. The Provider agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits,

damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the Provider to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.

7. The Provider, at all times during the term of this Agreement, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:

A. Commercial General Liability Insurance:

The Provider shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

B. Professional Liability Insurance or Miscellaneous Professional Liability Insurance:

The Provider agrees to procure and maintain professional liability insurance or miscellaneous professional liability insurance with a limit not less than \$1,000,000.

C. Business Automobile Liability Insurance:

The Provider shall maintain business automobile liability insurance or equivalent form with a limit of not less than \$500,000 for each accident. Such insurance shall include coverage for owned, hired and non-owned vehicles.

D. Worker's Compensation Insurance:

The Provider shall procure and maintain workers' compensation and employers' liability insurance as required by South Dakota law.

Before beginning work under this Agreement, the Provider shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement and which provide that such insurance may not be canceled, except on 30 days' prior written notice to the State. The Provider shall furnish copies of insurance policies if requested by the State.

8. While performing services hereunder, the Provider is an independent contractor and not an officer, agent, or employee of the State of South Dakota.
9. Provider agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to the person or property of

third parties, or which may otherwise subject Provider or the State to liability. Provider shall report any such event to the State immediately upon discovery.

Provider's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Provider's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Provider to report any event to law enforcement or other entities under the requirements of any applicable law.

10. This Agreement may be terminated by either party hereto upon 30 days written notice. In the event the Provider breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to Provider at the time of termination may be adjusted to cover any additional costs to the State because of Provider's default. Upon termination the State may take over the work and may award another party an agreement to complete the work under this Agreement. If after the State terminates for a default by Provider it is determined that Provider was not at fault, then the Provider shall be paid for eligible services rendered and expenses incurred up to the date of termination.
11. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.
12. This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.
13. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.
14. The Provider will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.
15. The Provider may not use subcontractors to perform the services described herein without the express prior written consent of the State. The Provider will include

provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Provider will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

16. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to Tacy Kennison on behalf of the State, and by Amy Raines, on behalf of the Provider, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.
17. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.
18. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

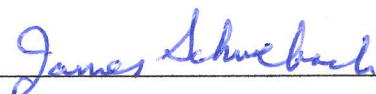
STATE

PROVIDER

By: 
Pamela S. Roberts


Cabinet Secretary, Department of Labor

8-3-10
(Date)

By: 


Its: SVP Business Development

7/30/2010
(Date)

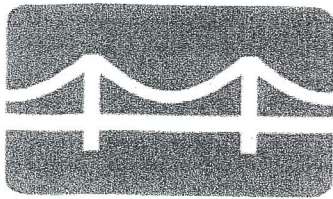
By: 
Otto Doll

Commissioner, Bureau of Information and Telecommunications

8-10-2010
(Date)

By: 
Jeff Bloomberg
Commissioner, Bureau of Administration
8/5/10
(Date)

Attachment A



HOV Services

Exceed Expectations

Quoted to:

Name : Andy Szilvasi
Company : South Dakota - Dept of Labor
Address : 700 Governors Drive
 Pierre, SD 57501
Phone : 605-773-5952
Email : Andrew.Szilvasi@state.sd.us

Quoted from:

Sales Rep. : JP Peterson
Division : HOV SerHeartland
Quotation # : 070910-SDLAB007
Date : July 9, 2010
Phone : 605-336-5600 ext. 21
Email : jp.peterson@hovservices.com

Statement of Work (SOW) - Film Scanning deliver all scanned images

Service Description	Unit Description	Estimated Images	Cost per Unit	Total Cost
Film Scanning Services				
Scanning - Simplex Film	Image	471,600	\$ 0.0118	\$ 5,564.88
Scanning - Duplex Film	Image	4,110,000	\$ 0.0063	\$ 25,893.00
Technical & Other Services				
Indexing	Characters	972,260	\$ 0.0080	\$ 7,778.08
Project Setup	Simplex Film	1	\$ 350.00	\$ 350.00
Project Setup	Duplex Film	1	\$ 650.00	\$ 650.00
DVD	DVD			N/C
Estimated Total Project Cost				\$ 40,235.96

- 1) Film Scanning, Inspection and DVD media for return of the images, is included in the film scanning price. All film scanning will be done at 200 dpi and there will be blank images.
- 2) Assume 471,600 images on 262 rolls of simplex film and 4,110,000 images on 300 rolls of duplex film.
- 3) Note, if there are more or less images, your scanning cost will increase or decrease accordingly.
- 4) Labor will provide a data file, for match & merge indexing, with the balance of the indexing to be hand keyed.
- 5) Note, if there are more or less matches from your data file, your indexing cost will increase or decrease accordingly.
- 6) Duplicates DVDs would run \$25 a piece.
- 7) Shipping will be charged back at cost.
- 8) This quote is good for 30 days.

Agreed to an Acknowledge By:
 HOV Services, Inc

Pamela S. Roberts
 By:

Pamela S. Roberts

Name: (Print)

Cabinet Secretary

Title:

7-19-10

Date:

South Dakota - Dept of Labor

James Schweich
 By:

James Schweich

Name: (Print)

SVP Business Development

Title:

7/9/2010

Date: